

# *Press Release*

## **Seeking Sustainable Growth**

AXA Rosenberg is proud that it has continued to see strong growth in its assets base globally, but they are both modest about their success and recognise that growth that is not managed and monitored could send warning bells to their clients. Firstly, unlike many managers, AXA Rosenberg are not claiming credit for the increase that the markets have bought them. So the Euros 4.6bn in new third party assets that was added globally was in fact net new money.

It may seem unusual for a manager to be guarded about their growth. The reason is simple. There is a natural tension associated with the success of Fund Managers in terms of asset growth. While on the one hand many investors and Pension Funds like to be associated with successful managers and seek reassurance when other similar organisations follow their lead, they are naturally concerned when their manager is too successful. So while the managers strive to build their business, their success can unsettle their existing clients and consultants. The reason for this is fairly obvious. If a traditional asset manager is busy raising new assets, the portfolio managers are not only distracted by the need to appear in 'beauty parades', if they are successful, their focus and attention will be spread more thinly across more client portfolios and their 'ideas' - particularly small cap - may become harder to implement for a larger asset base.

For a firm such as AXA Rosenberg, which uses an 'expert computer system' to implement their investment strategy, the same issues of scalability do not exist.

AXA Rosenberg however is very mindful of their capacity in two dimensions.

Firstly, for all products/strategies AXA Rosenberg monitor capacity in each segment of the market very carefully, but particularly in the mid/small cap universe, because ultimately it can affect their ability to meet their clients' performance objectives. This calculation is based upon a detailed business plan that forecasts the new asset growth for each strategy with assumptions about the level of value added, the mix of new business as many different strategies use capacity in the same segment of the market and market levels. These figures are then monitored on a monthly basis to make sure that there is no dilution of the value added from accepting new assets. AXA Rosenberg has stuck to its principles and taken the tough decisions - turning away lucrative new business. For example, both its US small cap and US Mid-small strategies have been closed in the last 18 months.



Secondly, while the crucial buy and sell decisions for example are fully automated, AXA Rosenberg recognises that client relationships cannot be automated - except that is for their password protected extranet that provides clients access to their portfolio whenever they want it. AXA Rosenberg have therefore made a strong commitment to continue to build the team who manage the client relationships - the Portfolio Managers. Recognising how crucial this role is AXA Rosenberg have added two new Portfolio Managers and an Assistant Portfolio Manager in anticipation of their continued asset growth.

Finally, there is probably no better measure of real scalability than to examine the relationship between the volumes a manager trades and their market impact. At AXA Rosenberg in 2000 the volume traded in Europe was £2.7bn and by 2003 this had gone up to £7.2bn and yet market impact had declined from just over 9 basis points to minus 1.1 basis points, in other words trading added value, despite the 268% increase in volume.\*

\* Source – AXA Rosenberg

Ends

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## Addendum

### AXA Rosenberg New Recruits

AXA Rosenberg would also like to announce some new additions to their Client Service Team (Europe). Armin Gudat, Jane De La Haye and Silvia Knott-Martin will take up the positions of Portfolio Managers and Assistant Portfolio Manager respectively.

Armin Gudat is a German national who most recently held the position of Director, Senior Fund Manager with WestAM, WestLB Asset Management, where he has held positions since 1993. Prior to this he worked with both Westfalenbank and Dresdner Bank Group.

Jane De La Haye joins us from Schroder Investment Management where she was Associate Director in the UK Pension Funds department. Jane left the University of Bath in 1993 with Bsc in Economics and went directly to Schroders Plc as a Graduate Trainee.

Silvia Knott-Martin is a Brazilian national whose most recent position was as an Associate Portfolio Manager with W.P. Stewart and Co. (Europe) Ltd. She holds both IMC and UK SIP qualifications and speaks Portuguese, French, English and Spanish.



## Notes on AXA Rosenberg Investment Management

AXA Rosenberg Investment Management Ltd. is a specialist global equity manager, with clients in the UK, Europe and the Middle East.

All portfolios managed by AXA Rosenberg utilise a fundamental investment approach, with the objective of outperforming a given benchmark. The strategy is suited to all the major equity markets on a single country, regional or global basis, in large or small capitalisation stocks. This approach has operated successfully for over 18 years.

AXA Rosenberg manages over £21 billion worldwide as at 31 December 2003, in both segregated portfolios and in a range of Dublin-based UCITS (assets currently just over £1.8 billion) 13 of which are AA rated by Standard & Poor's. The equity Alpha funds are currently approved for distribution in 12 European markets.

The business was established in 1985 and has offices in London, San Francisco, Hong Kong, Singapore and Tokyo.

AXA Rosenberg is authorised and regulated by the Financial Services Authority in the UK and is registered with the SEC in the USA.